

TOWNSHIP OF WELLS
(Delta)
REPORT ON FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
YEAR ENDED JUNE 30, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name WELLS TOWNSHIP	County DELTA
Audit Date JUNE 30, 2004	Opinion Date AUGUST 24, 2004	Date Accountant Report Submitted to State: AUGUST 24, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

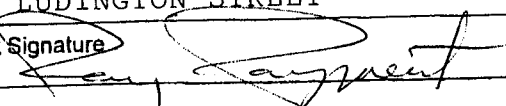
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

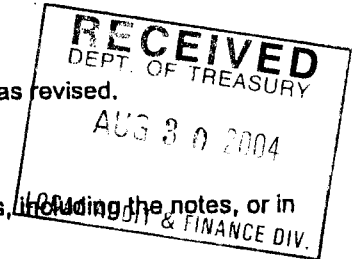
You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) RAY PAYMENT, CPA			
Street Address 1217 LUDINGTON STREET	City ESCANABA	State MI	ZIP 49829
Accountant Signature 			



CONTENTS

	<u>Pages</u>
Independent Auditor's Report	3-4

AUDITED FINANCIAL STATEMENTS

Combined Balance Sheet - All Fund and Account Groups - Cash Basis	5
Combined Statement of Cash Receipts, Disbursements, and Changes in Cash Balances - All Governmental Fund Types and Expendable Trust Funds - Cash Basis	6
Combined Statement of Cash Receipts, Disbursements, and Changes in Cash Balances - Budget and Actual - General and Special Revenue Funds - Cash Basis	7
Notes to Financial Statements	8-12

SUPPLEMENTARY FINANCIAL DATA

Statement of Cash Receipts, Disbursements, and Changes in Cash Balances - Special Revenue Fund - Cash Basis	13
Statement of Cash Receipts, Disbursements, and Changes in Cash Balances - Special Assessment Fund - Cash Basis	14
Statement of Changes in Assets and Liabilities - All Fiduciary Fund Types	15
Schedule of Changes in Fixed Assets - General Fixed Asset Account Group	16
Assessed Valuation, Tax Rates and Tax Levies Schedule	17
Statement of Detailed Cash Disbursements and Budget - General Report	18-20
Report on Internal Accounting Controls and Compliance	21-22

RAYMOND L. PAYMENT
CERTIFIED PUBLIC ACCOUNTANT

1217 LUDINGTON STREET
ESCANABA, MICHIGAN 49829
PHONE: 906-786-8520
FAX: 906-786-8521

PROFESSIONAL BUILDING
STEPHENSON, MICHIGAN 49887
PHONE: 906-753-4700

August 24, 2004

INDEPENDENT AUDITOR'S REPORT

Honorable Township Board
Township of Wells
Delta County, Michigan

I have audited the general purpose financial statements of the Township of Wells, Michigan as of June 30, 2004 and the related statements of cash receipts and expenditures, and changes in fund balance for the year then ended. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance auditing standards generally accepted in the United States of America, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 2, the Township of Wells prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Michigan, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Management has not presented government-wide statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The statements for the Township's governmental activities and business-type activities are not reasonably determinable.

In my opinion, the accompanying financial statements present fairly in all material respect, the fund balances of the various funds of the Township of Wells at June 30, 2004, arising from cash transactions, and their cash receipts, and disbursements for

August 24, 2004

the year then ended, on a basis of accounting described in Note 2, in conformity with accounting principles generally accepted in the United States of America.

The financial statements referred to in the foregoing opinion are identified in the contents of this report. My examination was made primarily for the purpose of rendering an opinion on these basic financial statements taken as a whole. The supplementary financial data identified in the contents, although not considered necessary for a fair presentation of the financial position and results of operations, are presented primarily for supplemental analysis purposes. This additional information examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Ray L. Payment". The signature is fluid and cursive, with the first name "Ray" being more prominent.

Ray L. Payment
Certified Public Accountant

TOWNSHIP OF WELLS
COMBINED BALANCE SHEET - CASH BASIS
ALL FUND AND ACCOUNT GROUPS
JUNE 30, 2004

	<u>Governmental Fund Type</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Special Assessment</u>
ASSETS:			
Cash (Note 1)	\$1 091 452	\$ 2 004	\$ 893
Fixed Assets -			
Land & land improvements	-	-	-
Buildings	-	-	-
Office equip. & fixtures	-	-	-
Equipment & signs	-	-	-
Recreation equipment	-	-	-
Ice arena & fixtures	-	-	-
Fire truck & equipment	-	-	-
Sheriff vehicle	-	-	-
Township vehicle	-	-	-
Assessor	-	-	-
TOTAL ASSETS & OTHER DEBITS	<u>\$1 091 452</u>	<u>\$ 2 004</u>	<u>\$ 893</u>
LIABILITIES:			
Due to governmental units & withheld taxes	\$ 43	\$ -	\$ -
FUND EQUITY:			
Investments in general fixed assets	-	-	-
Fund balance - unrestricted	1 091 409	2 004	-
- restricted	<u>-</u>	<u>-</u>	<u>893</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$1 091 452</u>	<u>\$ 2 004</u>	<u>\$ 893</u>

See accompanying notes to financial statements.

Fiduciary
Fund Types

Trust and
Agency

\$ 5

—

—

—

—

—

—

—

—

—

—

\$ 5

Account
Groups

General
Fixed
Assets

\$ —

97 403

144 983

95 293

46 666

56 272

1 247 488

252 723

2 045

11 479

205

\$ 1 954 557

\$ 5

\$ —

—

—

—

1 954 557

—

—

\$ 5

\$ 1 954 557

TOWNSHIP OF WELLS
 COMBINED STATEMENT OF CASH RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN CASH BALANCES - CASH BASIS
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 YEAR ENDED JUNE 30, 2004

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Special Assessment</u>
CASH RECEIPTS:			
State revenue sharing	\$ 333 635	\$ 1 654	\$ -
Tax collection fees	83 076	-	-
Rents	1 290	-	-
Interest earned on deposits	17 160	-	-
Special assessments	-	-	6 236
Miscellaneous receipts and reimbursements	<u>6 610</u>	<u>-</u>	<u>-</u>
TOTAL CASH RECEIPTS	<u>441 771</u>	<u>1 654</u>	<u>6 236</u>
CASH DISBURSEMENTS:			
Legislative:			
Township board	51 001	-	-
General Governments:			
Supervisor	21 530	-	-
Clerk	21 575	-	-
Treasurer	20 060	-	-
Summer tax collection	8 866	-	-
Assessor	75 089	-	-
Elections	691	-	-
Buildings and grounds	11 523	-	-
Board of Review	1 504	-	-
Attorney and legal	-	-	-
Personnel	62 317	-	-
Fire protection	60 252	-	-
Highways, street & street lights	45 859	-	7 006
Liquor inspection	<u>-</u>	<u>1 654</u>	<u>-</u>
TOTAL CASH DISBURSEMENTS	<u>380 267</u>	<u>1 654</u>	<u>7 006</u>
EXCESS OF CASH RECEIPTS (DISBURSEMENTS)	\$ 61 504	\$ -	\$ (770)
FUND BALANCE, at beginning of period	<u>1 029 905</u>	<u>2 004</u>	<u>1 663</u>
FUND BALANCE, at end of period	<u>\$1 091 409</u>	<u>\$ 2 004</u>	<u>\$ 893</u>

See accompanying notes to financial statements.

TOWNSHIP OF WELLS
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES - CASH BASIS
- BUDGET AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2004

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
State shared revenue	\$ 355 000	\$ 333 635	\$ (21 365)
Collection fees	84 300	83 076	(1 224)
Rents	685	1 290	605
Interest	8 000	17 160	9 160
Other revenues	15	6 610	6 595
Licenses fees - Liquor	-	-	-
Total revenues	<u>448 000</u>	<u>441 771</u>	<u>(6 229)</u>
EXPENDITURES:			
Legislative board expenses	72 500	51 001	21 499
Supervisor	21 700	21 530	170
Elections	2 750	691	2 059
Clerk and deputy clerk	21 600	21 575	25
Board of Review	2 550	1 504	1 046
Treasurer and deputy treasurer	20 500	20 060	440
Personnel	70 600	62 317	8 283
Buildings and grounds	30 000	11 523	18 477
Fire protection	65 000	60 252	4 748
Highways and bridges	53 000	16 071	36 929
Street lights	30 000	29 788	212
Assessor	78 700	75 089	3 611
Liquor inspection	-	-	-
Summer tax collection	11 500	8 866	2 634
Attorney and legal	<u>3 000</u>	<u>-</u>	<u>3 000</u>
Total expenditures	<u>483 400</u>	<u>380 267</u>	<u>103 133</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(35 400)	61 504	96 904
FUND BALANCE, July 1, 2003	<u>1 029 905</u>	<u>1 029 905</u>	<u>-</u>
FUND BALANCE, June 30, 2004	<u>\$ 994 505</u>	<u>\$1 091 409</u>	<u>\$ 96 904</u>

See accompanying notes to financial statements.

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
<u>1 900</u>	<u>1 654</u>	<u>(246)</u>
<u>1 900</u>	<u>1 654</u>	<u>(246)</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1 900	1 654	246
-	-	-
-	-	-
<u>1 900</u>	<u>1 654</u>	<u>246</u>
-	-	-
-	-	-
<u>2 004</u>	<u>2 004</u>	<u>-</u>
\$ 2 004	\$ 2 004	\$ -

TOWNSHIP OF WELLS
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004

NOTE 1 - REPORTING ENTITY

Wells Township is located in Delta County and provides services to its residents in many areas including community enrichment and development, and human services. In accordance with the provisions of NCGA Statement 3, certain other governmental organizations are not considered to be part of the Township entity for financial reporting purposes. The criteria established by the NCGA for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, accordingly, the financial statements of certain other governmental organizations are not included in the financial statements of the Township. Educational services are provided through the Escanaba School System which is a separate governmental entity and, therefore, not presented in the financial statements included herein.

FUND ACCOUNTING

The financial activities of the Township are recorded in separate funds, categorized as follows:

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial transactions except those provided for in another fund. The Fund includes the general operating expenditures of the Township. Revenues are primarily derived from property taxes, State grants and other intergovernmental revenues.

FIDUCIARY FUNDS

Agency Funds

These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds. The Agency Funds are the Current Tax Collection Fund and Trust and Agency Fund.

TOWNSHIP OF WELLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)

SPECIAL REVENUE FUNDS

Liquor Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

SPECIAL ASSESSMENT FUND

This fund accounts for the financial and erection of street lights paid for by the special assessment levied against benefitted properties.

ACCOUNT GROUPS

General Fixed Assets Account Group

This account group presents the fixed assets of the Township. General fixed assets purchased are recorded as expenditures in their respective funds. Such assets are capitalized at cost in the general fixed asset group.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Wells Township do not conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies.

BASIS OF ACCOUNTING

Governmental Funds

The accounting policies of Wells Township do not conform to generally accepted accounting principles as applicable to governmental units in that the cash basis of accounting is utilized by the governmental fund rather than the modified accrual basis of accounting. Consequently, certain revenue and related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred.

TOWNSHIP OF WELLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)

Fiduciary Funds

The Fiduciary Fund is maintained on a cash basis which is consistent with the accounting measurement objectives of the funds. Reporting these funds on a cash basis does not have an effect materially different from reporting them on the accrual or modified accrual basis as required by generally accepted accounting principles.

NOTE 3 - PROPERTY TAX LEVY

The Township levies taxes on a general township law basis. The taxes included in these financial statements are the 2003 levy and are billed on a once per year basis. See schedules on page 16 for levy breakdown and millage rates. All unpaid taxes become delinquent March 1, of the following year. The Township bills and collects its own property taxes. Township property tax revenues are recognized when collected on the cash basis. All real property taxes are turned over to the County when delinquent and personal property taxes are collected and distributed by the Township. The County used a revolving tax fund and reimburses the Township yearly for any delinquent real property taxes.

NOTE 4 - CASH AND INTEREST-BEARING DEPOSITS

Deposits are carried at cost. Deposits of the Township are in four banks in the name of Wells Township Treasurer. Michigan complied Laws, Section 124.91, authorizes the Township Treasurer to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities, and direct obligations of the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreement; banker's acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rates by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Township's deposits are in accordance with statutory authority. The Township has adopted an investment policy in accordance with State regulations.

TOWNSHIP OF WELLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)

Governmental Accounting Standards Board (GASB) Statement No. 3 Risk Disclosure for the Township's cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>
Insured	\$ 300 000
Uninsured	<u>794 354</u>
TOTAL DEPOSITS	<u>\$ 1 094 354</u>

NOTE 5 - STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - BUDGET AND ACTUAL - GENERAL FUND

The above supplemental statement is not required in these statements because the combined statement on page 6 is detailed to the required revenue and activity level as shown in the Uniform Accounting Procedures Manual for Local Units of Government in Michigan.

NOTE 6 - BUDGETS AND BUDGETARY ACCOUNTING

As set forth in the Township Charter, the Township adopts an annual budget for the General Fund and Liquor Fund. The annual budgets are prepared in accordance with the basis of accounting utilized by those funds (cash basis). The Township board is authorized to transfer budgeted amounts within and among departments. Subsequent to year-end, the board adopts an amended budget approving any transfers among departments or additional expenditures. The amended budgets are presented on page 7. All appropriations lapse at fiscal year-end.

NOTE 7 - CHANGES IN GENERAL FIXED ASSETS

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Group of Accounts, rather than in governmental funds. No depreciation has been provided on such assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

A summary of changes in general fixed assets is presented on page 16.

TOWNSHIP OF WELLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)

NOTE 8 - USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 9 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Township purchases insurance coverage through a carrier. This plan purchases reinsurance for all risks. The Township's expense is to pay only the annual premium. In addition, the Township purchases worker's compensation insurance through the Michigan Municipal Workers Compensation Fund.

TOWNSHIP OF WELLS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES - CASH BASIS
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2004

	Liquor Law Enforcement Fund
CASH RECEIPTS:	
Liquor license fees	\$ 1 654
TOTAL CASH RECEIPTS	<u>1 654</u>
CASH DISBURSEMENTS:	
Sheriff department	<u>1 654</u>
TOTAL CASH DISBURSEMENTS	<u>1 654</u>
EXCESS CASH RECEIPTS (DISBURSEMENTS)	-
FUND BALANCE, at beginning of period	<u>2 004</u>
FUND BALANCE, at end of period	<u>\$ 2 004</u>

TOWNSHIP OF WELLS
STATEMENT OF CASH RECEIPTS
DISBURSEMENTS AND CHANGES IN CASH BALANCES - CASH BASIS
SPECIAL ASSESSMENT FUND
YEAR ENDED JUNE 30, 2004

CASH RECEIPTS:	
Special assessments - street lights	\$ 6 236
TOTAL CASH RECEIPTS	<u>6 236</u>
CASH DISBURSEMENTS:	
Street lights	<u>7 006</u>
EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	(770)
FUND BALANCE, at beginning of period	<u>1 663</u>
FUND BALANCE, at end of period	<u>\$ 893</u>

TOWNSHIP OF WELLS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL FIDUCIARY FUND TYPES
JUNE 30, 2004

CURRENT TAX COLLECTION FUND	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
<u>ASSETS</u>				
Cash	\$ 5	\$ 7 278 682	\$ 7 278 682	\$ 5
TOTAL ASSETS	\$ 5	\$ 7 278 682	\$ 7 278 682	\$ 5
<u>LIABILITIES</u>				
Due to other taxing units:				
Bay de Noc College	\$ -	\$ 762 954	\$ 762 954	\$ -
Township of Wells	5	75 949	75 949	5
Delta County	-	1 435 814	1 435 814	-
Intermediate School District	-	525 408	525 408	-
Escanaba Area Schools	-	3 233 932	3 233 932	-
State of Michigan	-	1 244 625	1 244 625	-
TOTAL LIABILITIES	\$ 5	\$ 7 278 682	\$ 7 278 682	\$ 5

TOWNSHIP OF WELLS
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
GENERAL FIXED ASSETS ACCOUNT GROUP
YEAR ENDED JUNE 30, 2004

	Balance July 1, 2003	(Deletions) or Additions	Balance June 30, 2004
ASSETS:			
Land and land improvements	\$ 97 403	\$ -	\$ 97 403
Buildings	144 983	-	144 983
Office equipment & fixtures	95 293	-	95 293
Equipment and signs	46 666	-	46 666
Recreation equipment	56 272	-	56 272
Ice arena and fixtures	1 247 488	-	1 247 488
Fire truck & fire equipment	252 723	-	252 723
Sheriff vehicle	2 045	-	2 045
Township vehicles	11 479	-	11 479
Assessor	205	-	205
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 1 954 557	\$ -	\$ 1 954 557
	<hr/>	<hr/>	<hr/>

TOWNSHIP OF WELLS
ASSESSED VALUATION, TAX RATES AND TAX LEVIES SCHEDULE
YEAR ENDED JUNE 30, 2004

	<u>Bay de Noc Community College</u>	<u>Escanaba Area Schools</u>
Taxable valuation	\$ 220 879 787	\$ 220 879 787
Millage rate	3.5000	21.1100
Tax Levy	795 713	3 321 488
Less - returned delinquent	<u>35 241</u>	<u>102 821</u>
Current tax collection	<u>\$ 760 472</u>	<u>\$ 3 218 667</u>

See accompanying notes to financial statements.

<u>Delta County</u>	<u>Intermediate Schools</u>	<u>State of Michigan</u>
\$ 220 879 787	\$ 220 879 787	\$ 220 879 787
6.5719	2.4375	5.0000
1 494 077	539 200	1 104 239
<u>65 826</u>	<u>24 542</u>	<u>29 796</u>
<u>\$ 1 428 251</u>	<u>\$ 514 658</u>	<u>\$ 1 074 443</u>

TOWNSHIP OF WELLS
DETAILED STATEMENT OF CASH DISBURSEMENTS AND BUDGET - CASH BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
LEGISLATIVE BOARD:			
Salaries - elected	\$ 5 200	\$ 3 840	\$ 1 360
Maintenance - Custodial contract	7 000	6 975	25
Engineer consulting & professional services	15 000	9 165	5 835
Audit	1 900	1 700	200
Office supplies	10 000	7 194	2 806
Dues and miscellaneous	7 400	5 214	2 186
Capital expenditures	2 500	1 990	510
Printing and publishing	1 800	695	1 105
Insurance and bonds	14 000	10 036	3 964
Workmen's comp. insurance	2 200	898	1 302
Social security	500	294	206
Compost contribution	5 000	3 000	2 000
Total legislative board	<u>72 500</u>	<u>51 001</u>	<u>21 499</u>
TOWNSHIP SUPERVISOR:			
Salary	20 000	20 000	-
Social security	1 600	1 530	70
Transportation	50	-	50
Conferences	50	-	50
Total township supervisor	<u>21 700</u>	<u>21 530</u>	<u>170</u>
TOWNSHIP CLERK AND DEPUTY CLERK:			
Salary - elected	17 500	17 500	-
Salary - appointed	2 500	2 500	-
Social security	1 550	1 530	20
Transportation	50	45	5
Conferences	-	-	-
Total township clerk	<u>21 600</u>	<u>21 575</u>	<u>25</u>
TOWNSHIP TREASURER AND DEPUTY TREASURER:			
Salary - elected	15 500	15 500	-
Salary - appointed	3 000	3 000	-
Social security	1 500	1 415	85
Printing	300	145	155
Conferences and travel	200	-	200
Chargeback of taxes & notices	-	-	-
Total township treasurer	<u>20 500</u>	<u>20 060</u>	<u>440</u>

TOWNSHIP OF WELLS
DETAILED STATEMENT OF CASH DISBURSEMENTS AND BUDGET - CASH BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
SUMMER TAX COLLECTION:			
Salary - elected	\$ 6 500	\$ 6 500	\$ -
Salary - appointed	1 500	1 500	-
Social security	650	612	38
Printing and office	2 850	254	2 596
Total summer tax collection	<u>11 500</u>	<u>8 866</u>	<u>2 634</u>
TOWNSHIP ASSESSOR:			
Salary	59 000	59 000	-
Social security	4 600	4 513	87
Hospital insurance	10 400	8 443	1 957
Retirement	1 200	1 098	102
Dues and miscellaneous	2 000	1 229	771
Conferences and travel	1 500	806	694
Total township assessor	<u>78 700</u>	<u>75 089</u>	<u>3 611</u>
FIRE PROTECTION:			
Fire contract	52 500	52 500	-
Repairs	3 000	2 262	738
Insurance	2 500	1 122	1 378
Fire hydrants & miscellaneous	4 500	4 368	132
Capital outlay	2 500	-	2 500
Total fire protection	<u>65 000</u>	<u>60 252</u>	<u>4 748</u>
TOWNSHIP HALLS AND GROUNDS:			
Township hall - communications	2 375	1 826	549
- utilities/heat	6 900	3 497	3 403
- repairs	7 225	3 497	3 728
- equipment	1 500	-	1 500
Parks - transportation	1 800	-	1 800
- utilities/heat	1 200	785	415
- repairs	2 500	1 918	582
- equip. & improvements	6 500	-	6 500
Total township hall/grounds	<u>30 000</u>	<u>11 523</u>	<u>18 477</u>
HIGHWAYS AND BRIDGES:			
Contracted maintenance - Road			
Commission	52 500	16 071	36 429
Street signs	500	-	500
Total highways and bridges	<u>53 000</u>	<u>16 071</u>	<u>36 929</u>
STREET LIGHTS	<u>30 000</u>	<u>29 788</u>	<u>212</u>

TOWNSHIP OF WELLS
DETAILED STATEMENT OF CASH DISBURSEMENTS AND BUDGET- CASH BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
ELECTIONS:			
Capital outlay	\$ -	\$ -	\$ -
Salaries and expenses	2 750	691	2 059
Total elections	<u>2 750</u>	<u>691</u>	<u>2 059</u>
BOARD OF REVIEW:			
Wages	1 050	1 050	-
Social security	100	80	20
Conferences and travel	-	-	-
Publishing	1 400	374	1 026
Total board of review	<u>2 550</u>	<u>1 504</u>	<u>1 046</u>
ATTORNEY AND LEGAL:			
Legal fees	3 000	-	3 000
Total attorney and legal	<u>3 000</u>	<u>-</u>	<u>3 000</u>
PERSONNEL:			
Secretary - salary	15 000	14 504	496
- social security	1 300	1 110	190
- retirement	1 200	1 098	102
Grounds Superintendent			
- salary	31 000	31 000	-
- social security	2 500	2 371	129
- hospital insurance	10 400	9 631	769
- retirement	1 200	1 098	102
- conferences	900	900	-
- miscellaneous	600	507	93
Recreation Department - full-			
time - employee - salary	1 600	-	1 600
- social security	100	-	100
Summer - part-time - salary	2 400	98	2 302
- social security	200	-	200
Winter - part-time - salary	1 950	-	1 950
- social security	250	-	250
Total personnel	<u>70 600</u>	<u>62 317</u>	<u>8 283</u>
TOTAL CASH DISBURSEMENTS	<u>\$ 483 400</u>	<u>\$ 380 267</u>	<u>\$ 103 133</u>

RAYMOND L. PAYMENT
CERTIFIED PUBLIC ACCOUNTANT

1217 LUDINGTON STREET
ESCANABA, MICHIGAN 49829
PHONE: 906-786-8520
FAX: 906-786-8521

August 24, 2004

PROFESSIONAL BUILDING
STEPHENSON, MICHIGAN 49887
PHONE: 906-753-4700

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
"GOVERNMENT AUDITING STANDARDS"

Wells Township
Wells Township Board
Delta County, Michigan

I have audited the general purpose financial statements of Wells Township as of and for the year ended June 30, 2004, and have issued my report thereon dated August 24, 2004. I conducted my audit in accordance with auditing standards accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Wells Township's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit I considered Wells Township's internal control over financial reporting in order to determine my audit procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matter in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a

August 24, 2004

relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ray L. Payment
Certified Public Accountant